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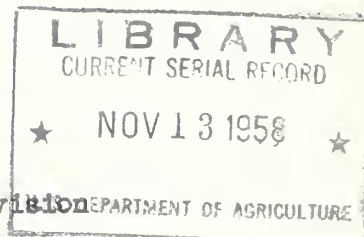
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UNITED STATES DEPARTMENT OF AGRICULTURE
Agricultural Research Service

CONTINUED RISE IN FARM-MORTGAGE DEBT

Prepared in the Farm Economics Research Division, DEPARTMENT OF AGRICULTURE



The gradual rise in farm-mortgage (real estate) debt outstanding continued in the first half of 1958 at a slower rate than in the same period in 1957. But by the middle of 1958 there were indications that farm-mortgage lending was increasing and that the rise would be more substantial in the second half of the year. Interest rates declined in the first half of 1958, and farm-mortgage credit terms were more attractive to borrowers.

Farm-mortgage loan commitments of sixteen life insurance companies important in this field were 16 percent higher in amount in the second quarter of 1958 than in the same quarter of 1957. Similarly, the number of loans made and the amount of new money loaned by the Federal land banks in June, July, and August of 1958 were higher than in the same months a year earlier. These increases for the land banks and for insurance companies may have marked the reversal of a 2-year decline in farm-mortgage lending.

Despite the increased farm-mortgage lending which began near the middle of 1958, the rate of increase in outstanding debt in the first half of the year was generally less than in 1957. The Federal land banks had a 7.3 percent increase in the first half of 1957, but a rise of only 3.6 percent in the same period of 1958. The rate of increase for insurance companies and for the Farmers Home Administration was also less than in 1957. But farm-mortgage loans of member banks of the Federal Reserve System increased more rapidly in 1958.

On January 1, 1958, farm-mortgage debt outstanding totaled \$10,507 million - 6 percent higher than a year earlier and the highest figure since 1924. (See the graph, and tables 1-3.) The rate of increase in 1957 was the smallest since 1949. Factors in the lower rate of increase in 1957 were higher interest rates on farm mortgages and greater selectivity by many lenders because of the "tight" money situation.

All major types of lenders shared in the \$599 million increase in outstanding farm-mortgage loans in 1957. By lenders, the percentage increases were: Farmers Home Administration, 17 percent; Federal land banks, 10 percent; individuals and miscellaneous lenders, 6 percent; life insurance companies, 4 percent; and commercial and savings banks, 2 percent.

Table 1.- Farm-mortgage debt: Total outstanding and amounts held by principal lender groups, United States, 1940-58

Beginning of year or month	Total	Federal land banks 1/	Federal Farm Mortgage Cor- poration 1/ 2/	Joint-stock land banks 1/ 3/	Farmers Home Adminis- tration 4/	Life insurance companies 5/	Commercial and savings banks 6/	Individuals and others
	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars
1940-----	6,586,399	2,009,820	713,290	91,726	32,178	984,290	534,170	2,220,925
1941-----	6,493,527	1,957,184	685,149	73,455	65,944	1,016,479	543,408	2,151,908
1942-----	6,376,080	1,880,784	634,885	55,919	115,629	1,063,166	535,212	2,090,485
1943-----	5,956,458	1,718,240	543,895	37,015	159,053	1,042,939	476,676	1,978,640
1944-----	5,395,671	1,452,886	429,751	10,097	173,695	986,661	448,433	1,894,148
1945-----	4,940,915	1,209,676	347,307	5,455	195,519	938,275	449,582	1,795,101
1946-----	4,760,464	1,078,952	239,365	3,208	184,091	891,263	507,298	1,856,287
1947-----	4,896,970	976,748	146,621	1,641	191,954	888,665	683,229	2,008,112
1948-----	5,064,245	888,933	107,066	645	197,927	959,715	840,647	2,069,312
1949-----	5,288,331	868,156	77,920	462	192,328	1,036,383	900,843	2,212,239
1950-----	5,579,278	906,077	58,650	270	193,301	1,172,326	937,144	2,311,510
1951-----	6,118,359	947,431	44,008	---	220,104	1,352,635	1,008,359	2,545,822
1952-----	6,675,619	994,128	32,778	---	240,809	1,541,874	1,046,923	2,819,107
1953-----	7,263,200	1,071,358	23,899	---	268,257	1,716,022	1,105,095	3,078,568
1954-----	7,772,204	1,169,418	17,628	---	282,098	1,892,773	1,131,214	3,279,073
1955-----	8,288,837	1,266,953	12,834	---	287,171	2,051,784	1,210,676	3,459,419
1956-----	9,066,153	1,480,204	---	---	277,869	2,271,784	1,346,287	3,690,009
1957-----	9,907,623	1,722,381	---	---	289,546	2,476,543	1,386,270	4,032,883
1958:-----								
January-----	10,507,032	1,897,187	---	---	339,865	2,578,958	1,414,207	4,276,815
July-----	---	1,965,755	---	---	356,772	2,635,000	---	---

1/ Federal land bank and Federal Farm Mortgage Corporation mortgages in process of foreclosure were estimated for 1951 and 1952.

2/ Loans held by Corporation were made on its behalf by Land Bank Commissioner. Authority to make new loans, except incidental to liquidation, expired July 1, 1947. On June 30, 1955, loans of the Federal Farm Mortgage Corporation were sold to the 12 Federal land banks.

3/ Liquidation of the joint-stock land banks began May 12, 1933, and was completed April 26, 1951. Data include banks in receivership.

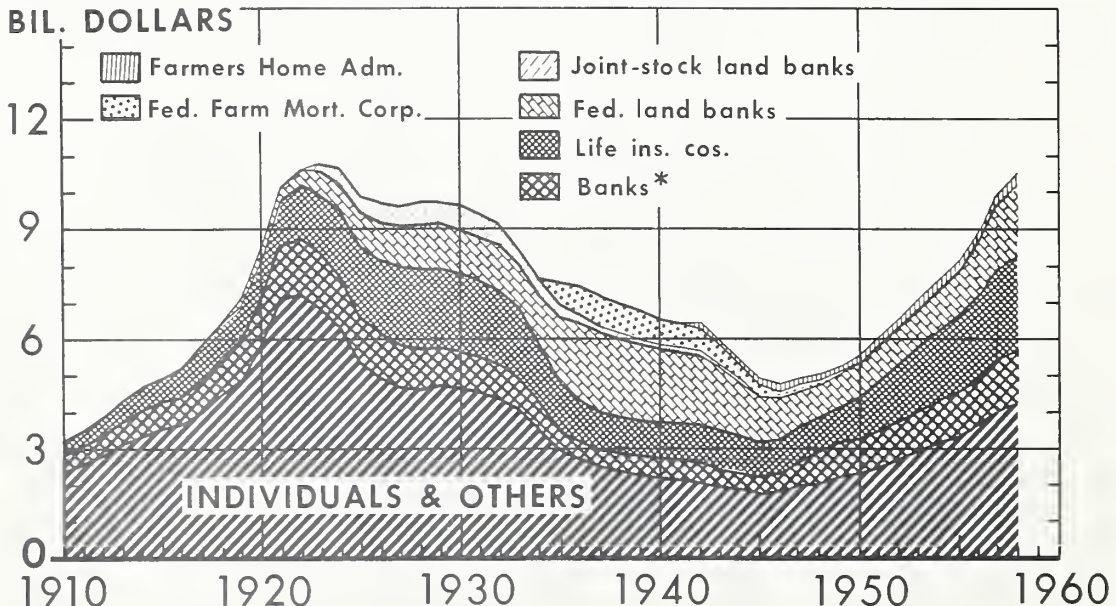
4/ Data for 1940-41 include only tenant-purchase loans and direct soil and water conservation loans to individuals. Thereafter, data also include farm-development (special real estate) loans beginning 1942; farm-enlargement loans beginning 1944; project-liquidation loans beginning 1945; farm-housing loans beginning July 1950; and building-improvement loans beginning 1955. Data also include loans for these purposes from State Corporation trust funds.

5/ Estimates based on direct reports from life insurance companies, official reports submitted to State insurance commissioners, "Best's Life Insurance Reports," "Spectator Life Insurance Yearbook," and data from Life Insurance Association of America and Institute of Life Insurance. Includes legal reserve companies only.

6/ 1940-47 includes insured commercial banks and 1948 to date, all operating commercial and savings banks. Beginning 1956, includes soil and water conservation loans insured by the Farmers Home Administration.

7/ Preliminary.

FARM MORTGAGE DEBT HELD BY MAJOR LENDERS



* 1910-34, OPEN STATE AND NATIONAL BANKS; 1935-47, INSURED COMMERCIAL BANKS; 1948-, ALL OPERATING BANKS.

Table 2.- Farm-mortgage debt: Total outstanding and amounts held by principal lender groups, by States, January 1, 1958

State and region	Total	Federal land banks 1/	Farmers Home Administration 2/	Life insurance companies 3/	Others 4/	All operating banks 5/
	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars
Maine	29,620	4,061	2,391	763	22,405	7,792
New Hampshire	22,511	2,242	526	48	19,695	4,068
Vermont	42,948	9,422	806	1,166	31,554	16,970
Massachusetts	54,458	8,441	527	658	44,832	10,368
Rhode Island	6,967	1,245	24	16	5,682	2,855
Connecticut	48,526	8,356	318	2,274	37,578	9,180
New York	259,209	44,756	3,184	15,232	196,037	52,801
New Jersey	89,466	12,425	2,095	14,421	60,525	13,818
Pennsylvania	220,887	23,927	4,913	9,141	182,906	74,191
Delaware	15,264	2,194	256	418	12,396	10,099
Maryland 6/	85,447	9,964	2,123	6,450	66,910	25,171
Northeast	875,303	127,033	17,163	50,587	680,520	227,313
Ohio	398,149	56,758	5,239	63,102	273,050	103,263
Indiana	360,547	56,086	5,716	122,475	176,270	63,552
Illinois	429,130	93,652	5,571	177,910	151,997	56,486
Iowa	764,495	136,730	8,406	312,763	306,596	70,731
Missouri	320,441	43,601	15,999	116,687	144,154	54,316
Corn Belt	2,272,762	386,827	40,931	792,937	1,052,067	348,348
Michigan	279,203	62,189	5,195	18,206	193,613	51,849
Wisconsin	408,983	60,138	7,989	27,915	312,941	74,426
Minnesota	518,479	96,515	8,185	123,571	290,208	61,590
Lake States	1,206,665	218,842	21,369	169,692	796,762	187,865
Virginia	156,214	17,034	5,766	24,114	109,300	40,606
West Virginia	30,851	6,046	3,447	1,154	20,204	11,307
North Carolina	217,821	35,225	15,072	32,168	135,356	35,159
Kentucky	173,578	24,737	7,043	45,223	96,575	63,304
Tennessee	162,909	24,690	11,748	23,639	102,832	48,590
Appalachian	741,373	107,732	43,076	126,298	464,267	198,966
South Carolina	89,762	21,452	9,460	11,142	47,708	10,510
Georgia	179,858	36,485	17,152	28,741	97,480	41,026
Florida	184,221	18,387	6,206	56,521	103,107	22,260
Alabama	152,775	43,180	16,414	13,358	79,823	22,953
Southeast	606,616	119,504	49,232	109,762	328,118	96,719
Mississippi	220,988	39,103	25,270	61,813	94,802	27,048
Arkansas	182,339	18,064	11,029	80,286	72,960	23,171
Louisiana	126,359	25,505	10,121	21,743	68,990	22,991
Delta States	529,686	82,672	46,420	163,842	236,752	73,210
Oklahoma	234,007	36,761	12,924	97,408	86,914	19,611
Texas	745,595	201,410	21,832	294,909	227,444	40,894
Southern Plains	979,602	238,171	34,756	392,317	314,358	60,505
North Dakota	136,571	28,863	7,401	12,772	87,535	9,641
South Dakota	152,587	56,759	5,813	47,156	42,859	5,081
Nebraska	335,981	93,446	7,653	113,797	121,085	14,130
Kansas	306,392	80,074	8,365	100,751	117,202	27,758
Northern Plains	931,531	259,142	29,232	274,476	368,681	56,610
Montana	165,950	32,817	4,019	37,413	91,701	3,857
Idaho	213,938	43,989	12,244	51,085	106,620	3,280
Wyoming	72,528	16,229	3,515	30,488	22,296	1,990
Colorado	211,662	35,946	4,089	70,274	101,353	7,471
New Mexico	97,235	14,257	3,513	41,928	37,537	3,184
Arizona	100,864	12,229	2,286	34,351	51,998	3,796
Utah	80,644	13,550	5,687	12,844	48,563	7,294
Nevada	27,530	3,184	579	7,630	16,137	1,040
Mountain	970,351	172,201	35,932	286,013	476,205	31,912
Washington	242,621	33,993	10,150	35,438	163,040	18,061
Oregon	224,597	29,994	5,056	40,462	149,085	15,444
California	925,925	121,076	6,548	137,134	661,167	99,224
Pacific	1,393,143	185,063	21,754	213,034	973,292	132,729
United States	10,507,032	1,897,187	339,865	2,578,958	5,691,022	1,414,207

1/ State distribution of loans in process of foreclosure estimated.

2/ Includes tenant-purchase, farm-enlargement, farm-development, project-liquidation, farm-housing, and direct soil and water conservation loans to individuals, and loans for these purposes from State Corporation trust funds.

3/ Estimates based on direct reports from life insurance companies, official reports submitted to State insurance commissioners, "Best's Life Insurance Reports," "Spectator Life Insurance Yearbook," and data from Life Insurance Association of America and Institute of Life Insurance.

4/ Estimated total loans held by all operating banks, individuals, and miscellaneous lenders. State estimates are approximate and should be used only as general indicators of the amount of farm-mortgage debt held by this group.

5/ Includes national and State commercial, mutual and stock savings, and private banks. Mortgage loans held by banks are classified according to location of bank and, therefore, are not strictly comparable by States with mortgage loans for other lenders, which are classified according to location of security or borrower.

6/ Includes District of Columbia.

Table 3.- Farm-mortgage debt: Total outstanding and amounts held by principal lender groups, by States, January 1, 1957

State and region	Total	Federal land banks 1/	Farmers Home Adminis- tration 2/	Life insurance companies 3/	Others 4/	All operating banks 5/
	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars
Maine-----	30,556	4,587	1,935	885	23,149	8,074
New Hampshire-----	21,497	2,162	380	2	18,953	4,030
Vermont-----	43,442	9,044	695	1,250	32,453	17,701
Massachusetts-----	53,080	7,670	484	608	44,318	10,726
Rhode Island-----	6,960	1,152	24	18	5,766	2,942
Connecticut-----	45,787	7,043	267	2,001	36,476	9,681
New York-----	248,767	40,423	2,745	15,479	190,120	52,654
New Jersey-----	88,621	11,767	1,944	14,896	60,014	13,748
Pennsylvania-----	210,409	22,557	4,038	9,218	174,596	71,038
Delaware-----	14,501	1,842	230	408	12,021	9,839
Maryland 6/-----	82,466	8,684	1,728	6,382	65,672	25,389
Northeast-----	846,086	116,931	14,470	51,147	663,538	225,822
Ohio-----	368,292	47,030	4,343	57,000	259,919	102,864
Indiana-----	338,058	49,230	4,703	116,488	167,637	61,950
Illinois-----	407,306	88,507	4,565	168,781	145,453	54,799
Iowa-----	728,604	126,044	7,119	300,654	294,787	69,995
Missouri-----	304,380	41,366	13,273	112,561	137,180	51,845
Corn Belt-----	2,146,640	352,177	34,003	755,484	1,004,976	341,453
Michigan-----	260,780	56,285	4,356	17,213	182,926	50,516
Wisconsin-----	399,391	58,125	6,178	26,845	308,243	75,322
Minnesota-----	489,874	89,201	7,508	117,012	276,153	60,148
Lake States-----	1,150,045	203,611	18,042	161,070	767,322	185,986
Virginia-----	145,744	15,346	4,992	22,699	102,707	38,617
West Virginia-----	30,313	5,846	3,283	1,256	19,928	11,186
North Carolina-----	200,773	29,821	12,823	29,199	128,930	36,575
Kentucky-----	165,033	21,580	5,730	44,800	92,923	61,290
Tennessee-----	148,010	21,699	8,832	23,718	93,761	44,480
Appalachian-----	689,873	94,292	35,660	121,672	438,249	192,148
South Carolina-----	77,938	19,317	8,458	7,833	42,330	10,032
Georgia-----	163,224	31,627	14,214	26,834	90,549	39,316
Florida-----	182,375	14,867	4,120	64,591	98,797	18,760
Alabama-----	141,637	40,115	14,490	13,032	74,000	21,276
Southeast-----	565,174	105,926	41,282	112,290	305,676	89,384
Mississippi-----	200,420	35,926	22,482	56,553	85,459	24,011
Arkansas-----	165,544	16,835	10,554	71,080	67,075	21,872
Louisiana-----	116,167	23,105	8,546	20,356	64,160	21,871
Delta States-----	482,131	75,866	41,582	147,989	216,694	67,754
Oklahoma-----	221,597	34,404	12,126	93,002	82,065	18,331
Texas-----	724,005	189,936	19,333	293,066	221,670	40,522
Southern Plains-----	945,602	224,340	31,459	386,068	303,735	58,853
North Dakota-----	123,274	26,800	5,102	12,800	78,572	8,262
South Dakota-----	147,210	54,060	4,823	46,531	41,796	5,349
Nebraska-----	307,646	6,327	6,327	106,197	111,629	13,694
Kansas-----	282,817	68,643	7,204	97,822	109,148	26,586
Northern Plains-----	860,947	232,996	23,455	263,350	341,145	53,891
Montana-----	149,826	28,741	3,788	34,169	83,128	3,819
Idaho-----	194,929	39,274	9,741	48,452	97,462	3,304
Wyoming-----	69,464	14,448	3,014	30,594	21,408	1,960
Colorado-----	202,263	32,698	3,757	68,778	97,030	7,317
New Mexico-----	94,258	12,276	3,600	41,756	36,626	3,325
Arizona-----	93,814	10,313	2,502	32,018	48,981	4,148
Utah-----	78,123	12,771	5,030	12,454	47,868	7,889
Nevada-----	25,378	2,658	604	7,090	15,026	1,109
Mountain-----	908,055	153,179	32,036	275,311	447,529	32,871
Washington-----	226,184	31,184	8,064	33,248	153,688	18,531
Oregon-----	219,463	27,299	4,251	39,753	148,160	17,574
California-----	867,423	104,580	5,241	129,161	628,441	102,003
Pacific-----	1,313,070	163,063	17,556	202,162	930,289	138,108
United States-----	9,907,623	1,722,381	289,546	2,476,543	5,419,153	1,386,270

1/ State distribution of loans in process of foreclosure estimated.

2/ Includes tenant-purchase, farm-enlargement, farm-development, project-liquidation, farm-housing, and direct soil and water conservation loans to individuals, and loans for these purposes from State Corporation trust funds.

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